

Includes Critically Needed Proposals Left out of Recent "Jobs Bill"

January 26, 2010

Media, PA – Visiting with Pennsylvania small businessmen and women at the Shippensburg University Small Business Development Center, Congressman Joe Sestak today announced introduction of his Small Business Recovery Act. The bill targets urgently needed assistance at small businesses -- the engine of our economy -- and addresses key job-creating measure that the Congressman has long-advocated. Unfortunately, the House-passed "jobs bill," while including many important provisions, inadequately addressed small business job creation.

"To return our employment rate to healthy levels we need to create almost 11 million jobs by the end of 2011 -- nearly 600,000 jobs every month," said Congressman Sestak. "It can be done, as it was under President Truman in the 1950s, but it is going to take a committed and concerted effort. Particularly, here in Pennsylvania, we must recognize that more than 98 percent of employers are small businesses, which are responsible for more than 70 percent of all jobs."

The Congressman addressed concerns of attendees, which were similar to those he has heard from small business owners throughout the state. They still often struggle to obtain the credit they need and remain wary of adding payroll without an incentive to do so. The Small Business Recovery Act would deal with these issues, and more, by:

- **Providing a 15% jobs tax credit** for small businesses that hire new workers in 2010 and a 10% credit in 2011. An investment of this sort for all employers, according to the Economic Policy Institute, will create approximately 5 million new jobs and will help boost our GDP at a time when employers remain hesitant to hire.

- **Raising lending limits from \$3 million to \$5 million on the Small Business Administration's (SBA)**

7(a) and

504 programs

in 2010.

- **Raising lending limits up to \$5.5 million for manufacturing companies** under the SBA's 504 program in 2010.

- **Raising lending limits on the microloan program** from \$35,000 to \$50,000 in 2010.
- **Raising the limit of the SBA's loan guarantees** from 90% to as high as 97.5% in 2010.
- **Increasing the interest rate cap on SBA loans** from the current rate of 6% to 7% to attract lenders in 2010.
- **Extending the 5 year Net Operating Loss Carry-back** to losses which occur in 2010-allowing businesses that lose money to use their current losses to offset profits over the past five years and receive tax refunds.

- **Extending Accelerated Depreciation Benefits** for Small Businesses in 2010, which would allow small businesses to recover the cost of capital expenditures over time according to an accelerated depreciation schedule that allows businesses to write-off 50 percent of the cost of depreciable property acquired in 2010.

- **Extending for one year enhanced small business expensing** to allow small business taxpayers to write-off up to \$250,000 (instead of \$125,000) of certain expenses in the year of purchase instead of recovering these costs over time through depreciation. The bill also extends the increased phase-out threshold from \$500,000 to \$800,000.

- **Making the Small Business Administration's (SBA) Community Express Lending Program permanent.** Doing so will lift the program's 14-year status as one of SBA's most successful pilot programs and thereby remove artificial caps on the number of Community Express loans that may be issued.

- **Preventing companies receiving TARP funds from participating in these programs.**

Congressman Sestak noted examples of past periods of economic expansion, which have demonstrated that the most effective and efficient way to create jobs is through small businesses. Over the past decade, small businesses created as many as 80 percent of all new jobs. During the last period of economic expansion, firms with fewer than 20 employees, which account for only a quarter of overall employment, created 40 percent of new jobs.

"If we are serious about restoring the job market-- and we must be -- we have to get serious about supporting small and start-up businesses," said Congressman Sestak. "That is why, as Vice Chairman of the House Small Business Committee, I am introducing the Small Business Recovery Act, which includes critically needed provisions to support small business stability and job creation."

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. Congress.

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